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United States Attorney's Office
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News Release

FOR IMMEDIATE RELEASE
Thursday, February 15, 2007

Former Small-Town Bank Executive Sentenced to Federal Prison

Minneapolis - Two former executives at the State Bank of Cokato were sentenced recently in federal court in connection with loan fraud schemes that caused the bank to lose more than \$175,000. Robert N. Aanenson, age 52, of Dassel, Minnesota, was sentenced earlier this year to eighteen months in federal prison, three years of supervised release, and ordered to pay \$65,000 in restitution. Donald J. Peroutka, age 64, of Cokato, was sentenced today by U.S. District Court Judge David S. Doty to two years of probation, with six months of that time to be served in home confinement. Peroutka was also ordered to pay \$50,000 in restitution. In August of 2006, Aanenson, the bank's former president and director, pleaded guilty to one count of bank fraud and one count of making a false entry in a bank report, while Peroutka pleaded guilty to lying to a federal agent who was investigating fraud at the bank.

Following today's sentencing, United States Attorney Rachel K. Paulose said, "Federally insured banks in Minnesota must be operated in an honest and forthright manner, and those bank executives who fail to do so will be aggressively prosecuted by the U.S. Attorney's Office."

Court documents in these related matters indicate that Aanenson approved a \$65,000 loan to Moldserv, Inc., ("Moldserv") in September of 2003 for the purported purpose of providing that company with

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“working capital.” The loan, however, was actually intended to benefit a company known as Plastic Solutions. Just three days after Moldserv received the loan proceeds, \$65,000 was transferred to Plastic Solutions. A portion of that money was then used to cover a \$47,802 deficit in Plastic Solutions’ checking account, which had been overdrawn for months. The remainder of the money was used for other unauthorized purposes. No payments were ever made on the loan, and in October of 2004, the bank wrote off the debt as uncollectible.

Court documents also indicate that in July of 2004, Aanenson directed a bank employee to credit Plastic Solutions’ checking account with \$92,669.17. At that time, the account was almost \$150,000 overdrawn. In addition, Aanenson directed that same bank employee to credit Moldserv’s checking account with \$10,242.10, which was the amount that account was overdrawn. Aanenson offset those false transactions by having the bank’s prepaid expense account debited by \$100,000 and the account for overdraft charges debited by \$2,911.27. As a result, the bank’s quarterly report to the Federal Deposit Insurance Corporation, filed in October of 2004, was inaccurate in that it failed to disclose a substantial loss.

Documents filed with the court relative to Donald J. Peroutka state that Peroutka lied to an agent from the Federal Bureau of Investigation (“FBI”) about a loan he had made at the bank. Specifically, documents indicate that during the summer of 2003, Peroutka executed an authorization for a guaranteed Small Business Administration (“SBA”) loan for a bank customer. As a condition of that guarantee, Peroutka agreed in writing that the bank would ensure that the customer had put into her small business at least \$50,000 from other sources before the SBA loan was awarded. A short time later, however, the bank loaned the customer the \$50,000 necessary to inject into her business to meet the SBA guaranteed loan requirements. That \$50,000 loan was made with Peroutka’s knowledge and consent, although neither the bank’s board of directors nor the SBA knew anything about it. Subsequently, the customer wrote a personal check in the amount of \$50,000 to her small business. Peroutka placed a copy of that check in the customer’s bank loan file to verify her compliance with the SBA requirements. When later questioned about the matter, Peroutka

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falsely stated to an FBI agent that he did not recall the transaction and had no idea where the customer had obtained the \$50,000.

These related cases resulted from an investigation conducted by the Federal Bureau of Investigation; the Internal Revenue Service, Criminal Investigations; and the Federal Deposit Insurance Corporation, Office of Inspector General. Special Assistant United States Attorney Hank Shea prosecuted the matters.

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